

# GCSE Business Studies – Year 11 Mock Preparation

## Business in the Real World

### **The nature and purpose of business:**

- What is a good?
- What is a service?
- What is a need?
- What is want?
- What are the four factors of production?
- What does 'opportunity cost' mean?
- Can you define 'entrepreneur'?
- Can you define enterprise?
- What are the characteristics of an entrepreneur?
- What are the objectives of an entrepreneur?
- Why do businesses face a constantly changing business environment?
- What are the four functions of business?

### **Business Ownership**

- Can you define 'sole trader'?
- What are the advantages and disadvantages of being a sole trader?
- What liability does a sole trader have?
- Can you define 'partnership'?
- What are the advantages and disadvantages of being a partnership?
- What liability does a partnership have?
- Can you define the term private limited company (Ltd)?
- What are the advantages and disadvantages of being a private limited company (Ltd)?
- What liability does a private limited company have?
- Can you define the term public limited company (plc)?
- What are the advantages and disadvantages of being a public limited company (plc)?
- What liability does a public limited company have?
- Can you define 'not for profit organisation'?
- Can you define limited liability?
- Can you define unlimited liability?

### **Setting business aims and objectives**

- Can you list the possible aims/objectives of a business?
- Why is it useful for a business to set aims/objectives?
- Why might the aims/objectives of business change/evolve?
- How can business measure success other than profit?

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## Stakeholders

- Can you list the main stakeholders of a business?
- Can you list the objectives of the main stakeholders?
- Can you explain how the main stakeholders can influence a business?
- Can you explain why stakeholder objectives may conflict?

## Business Location

- Can you list and explain the factors affecting the location of a business?

## Business Planning

- What are the reasons/purpose that a business writes a business plan?
- What are the main sections in a business plan?
- What are the advantages and disadvantages of business planning?
- Can you define variable costs?
- Can you define fixed costs?
- Can you define total costs?
- Can you define revenue?
- Can you define profit?

## Expanding a Business

- What are the methods of organic growth?
- For each method of organic growth can you explain one advantage and one disadvantage?
- What is external growth?
- Can you explain one advantage and one disadvantages of external growth?
- Can you explain why economies of scale is an advantage of business growth?
- Can you define purchasing economies of scale?
- Can you define technical economies of scale?
- Can you explain why diseconomies of scale is a disadvantage of business growth?

## Influences on Business

### Technology

- What is e-commerce?
- What are the advantages and disadvantages of using e-commerce?
- What is digital communication?
- What are the advantages and disadvantages of using digital communication?

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## **Ethical and environmental considerations**

- How might a business behave ethically?
- Can you explain why there might be a trade-off between ethics and profit?
- How can a business behave in an environmentally friendly way?
- What does sustainability mean?
- Can you explain why there might be a trade-off between sustainability and profit?

## **The economic climate on businesses**

- Do you know the economic influences that may affect a business or consumer spending?
- Can you define 'interest rate'?
- How might a business which relies on overdrafts or loans be affected by a change in the interest rate?
- How might a change in interest rates affect consumer spending?
- How might a change in interest rates affect business spending?
- How might businesses be affected by unemployment?
- How might businesses be affected by changes in consumer income?

## **Globalisation**

- How can UK businesses compete internationally?
- What are the advantages and disadvantages of globalisation to UK businesses?
- Can you define exchange rate?
- Can you define import?
- Can you define export?
- How might a strong pound affect a business? (SPICED)
- How might a weak pound affect a business? (WPIDEC)

## **Legislation**

- How might employment law (National Minimum Wage and The Equality Act) affect a business?
- How might Health and Safety law affect a business?
- How might consumer law (Trades Description Act) affect a business?

## **Competitive Environment**

- Can you explain how competition in a market might affect a business?
- How might a business minimise risk?

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## Marketing

### Identifying and understanding customers

- Why is it important to identify customer needs?

### Segmentation

- Can you define market segmentation?
- What are the four methods of market segmentation?
- Why might a business use market segmentation?

### The purpose and methods of market research

- Why do businesses do market research?
- What information might be collected by businesses when doing market research?
- Can you define primary market research?
- Can you define secondary market research?
- Can you define qualitative market research?
- Can you define quantitative market research?
- Can you explain an advantage and a disadvantage of using questionnaires as market research?
- Can you explain an advantage and a disadvantage of using surveys as market research?
- Can you explain an advantage and a disadvantage of using interviews as market research?
- Can you explain an advantage and a disadvantage of using focus groups as market research?
- Can you explain an advantage and a disadvantage of using internet research as market research?
- Can you explain an advantage and a disadvantage of using printed press e.g. newspapers as market research?
- Can you calculate market size?
- Can you calculate market share?

### The elements of the marketing mix; price, product, promotion, place (4Ps)

- Can you define and give an advantage and a disadvantage of each of pricing strategies:
  - Price skimming
  - Price penetration
  - Competitive pricing
  - Loss leader
  - Cost-plus
- What are factors which might affect the pricing decision of a business?
- What are the benefits and risks of developing new products?
- What should businesses consider when designing new products?
- Can you define product differentiation?

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- Can you define USP?
- How can a USP help a business?
- What are the stages of the product life cycle?
- What are extension strategies used for?
- Can you give examples of extension strategies?
- Can you define the term product portfolio?
- How is the Boston Matrix used?
- From the Boston Matrix can you define – cash cow?
- From the Boston Matrix can you define – dog?
- From the Boston Matrix can you define – problem child/question mark?
- From the Boston Matrix can you define – rising star?
- What is the aim of promotion?
- What are the factors affecting the choice of promotional mix?
- Can you define and give an advantage and a disadvantage of each of method of promotion:
  - Advertising
  - PR
  - Sales promotion
  - Sponsorship
  - Social media
- Can you define and give an advantage and a disadvantage of each of place (channel of distribution):
  - Retailer
  - Wholesaler
  - telesales
- Can you define e-commerce?
- Can you define m-commerce?

## Finance

### Sources of Finance

- Can you define and give an advantage and a disadvantage of each of source of finance:
  - Family and friends
  - Retained profit
  - New share issue
  - Selling unwanted assets
  - Overdrafts
  - Trade credit
  - Hire purchase
  - Government grant
  - Loan/mortgage
- Do you understand the difference between internal and external sources of finance?

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## Cash Flow

- Why might a business construct a cash flow forecast?
- Why might negative cash flow cause a problem for a business?
- Can you calculate net cash flow?
- What is the opening balance?
- How do you calculate the closing balance?
- Can you explain how the following might help solve a cash flow problem:
  - Re-scheduling payments
  - Overdraft
  - Reducing cash outflow
  - Increasing cash inflow
  - Finding new sources of finance.

## Financial terms and calculations

- Do you know the difference between variable costs, fixed costs and total costs?
- Can you define the term revenue?
- How do you calculate profit?
- What might a firm invest in?
- How do you calculate average rate of return (ARR)?
- What does break-even plan?
- Can you label a break even chart?
- Can you define margin of safety?
- How do you calculate margin of safety?
- Why might a business calculate break even output?

## Analysing Financial Performance

- How is a financial statement useful to a business?
- What does an income statement show?
- What does a statement of financial position show?
- Can you define and give an example of an asset?
- Can you define and give an example of a liability?
- Can you define and give an example of a current asset?
- Can you define and give an example of a non-current asset?
- Can you define and give an example of a current liability?
- Can you define and give an example of a non-current liability?
- Can you calculate gross profit?
- Can you calculate gross profit margin?
- Can you calculate net profit?
- Can you calculate net profit margin?